

## American Recovery and Reinvestment Act (ARRA) State Energy Program (SEP)

### Overview

The US Department of Energy (DOE) provides formula grant funding to state energy offices in all states and U.S. territories. State Energy Programs (SEP) are managed by state energy offices, not by DOE directly. SEP funds are used to design and carry out state renewable energy and energy efficiency programs through leadership, communications and outreach activities, technology deployment, and accessing new partnerships and resources.

Working with DOE, state energy offices address long-term national goals to:

- Increase the energy efficiency of the U.S. economy.
- Reduce energy costs.
- Improve the reliability of electricity, fuel, and energy services delivery.
- Develop alternative and renewable energy resources.
- Promote economic growth with improved environmental quality.
- Reduce our reliance on imported oil.

### ARRA - SEP Implementation

Under the ARRA funding opportunity, states are to develop plans that prioritize energy savings, create or retain jobs, increase the use of renewable energy and reduce greenhouse gas emissions. The initiative is part of the Obama Administration's national strategy to speed adoption of energy efficiency and renewable energy technology and make investments in clean energy. Stimulus funds are intended to boost state economies and help move the country to greater energy efficiency and energy independence.

Oregon is well-positioned to administer this ARRA SEP program because it has a long history of maximizing energy savings, private sector cost-share and economic benefits. Oregon is a national leader on energy

efficiency, renewable energy and alternative fuels and vehicles, with transformative effects.

### Who receives ARRA SEP funding?

ARRA SEP funds can be used for public buildings, including K-12 schools, colleges, universities, and state and local government buildings. Activities supported by SEP funds are typically projects that improve energy efficiency such as energy efficient lighting, reduce energy costs, use biomass to provide heat and generate electricity, and incorporate solar and geothermal energy.

The Oregon Department of Energy (ODOE) received over 1,100 letters of interest representing a request of over \$2 billion in ARRA State Energy Program (SEP) funding. ODOE reviewed all the letters of interest and has determined which projects meet both the ARRA and SEP guidelines. Formal applications were requested from the projects that met the SEP criteria and nearly 350 were received. Throughout this process, ODOE has focused on projects that increase energy efficiency, use renewable energy, incorporate promising technologies, save energy and energy costs and invest in local communities.

As of June 26, 2009, the U.S. Department of Energy (USDOE) has allocated \$17 million to Oregon for this initial round of funding. ODOE will administer a total of \$42 million in ARRA SEP funds.

### What is ODOE's overall strategy for these funds?

ODOE's overall strategy is to use ARRA SEP funding for an estimated 200 energy projects on public buildings, and to look for opportunities to leverage these funds for innovative projects/programs/initiatives that address state energy priorities and have high potential for achieving the ARRA SEP goals.

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The purpose of the SEP ARRA funds are to:

- Stimulate the creation or increase the retention of jobs
- Save measurable energy (10 MMBtu per \$1,000 invested)
- Increase energy generation from renewable resources
- Reduce greenhouse gas emissions

## **ODOE has adopted a phased approach for funding projects**

ODOE has decided to implement this program through a phased in approach. In Phase I, projects that demonstrate long term energy savings, are "shovel ready" and are under \$50,000 in requested funds, are being approved first. A total of 22 projects have been identified from various areas of the state and these projects should begin within the next 30 days.

Projects in Phase II, III and IV range in size from over \$50,000 to under \$1 million in requested funds. More scrutiny is being given to the projects that request more funds since these larger projects can be more complicated to evaluate.

## **What specific evaluation criteria will be used to award the grants?**

ODOE designed the application to provide direction around what is important to the state and to the U.S. Department of Energy under the grant. Four general areas will influence the outcome:

1. Meeting the federal SEP ARRA guidelines;
2. Job creation;
3. Energy savings and creation;
4. Readiness to start

In addition, applicants demonstrated they could address:

- What the overall benefit and its impact on the community?
- Is the project "ready to go?" Does the applicant have designs, permits and energy audits, etc. completed?

## **State Energy Program funds cannot be used for:**

1. Construction, such as construction of mass transit systems and exclusive bus lanes, or for construction or repair of buildings or structures;
2. To purchase land, a building or structure, or any interest therein;
3. To subsidize fares for public transportation;
4. To subsidize utility rate demonstrations or state tax credits for energy conservation measures or renewable energy measures; or
5. To conduct, or purchase equipment to conduct, research, development or demonstration of energy efficiency or renewable energy techniques and technologies not commercially available.

## **When must projects be completed?**

Projects need to be ready-to-go because funds are to be obligated by Sept. 30, 2010 and spent by March 31, 2012.

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